

# INDUSTRIAL SECTOR AND ORGANIZATIONAL ANALYSIS OF HIGH PERFORMANCE WORK PRACTICES – INDIA (DELHI/NCR) STUDY

<sup>1</sup>Preeti Vats, <sup>2</sup>Dr K.R. Chaturvedi

<sup>1</sup>Research Scholar, <sup>2</sup>HOD

<sup>1</sup>Management (HRM),

<sup>1</sup>Dr APJ Abdul Kalam Technical University, Lucknow, India

*Abstract:* High Performance Work Practices has significant impact on organizational performance indices though exact mix and match of best practices, which translates into actual measurable impact, is still under study by various researchers and research bodies. This paper tends to understand HPWPs impact on employee motivation of an enterprise. Evaluation of influencers is studied through Structural Equation & mechanism proposed by Baron and Kenny (1986). This Paper indicates certain influence of Ability-Motivation-Opportunity by HPWPs. This paper also charts their significance with certain limitations and future research perspectives.

*Index Terms - High Performance Work Practices, Organizational analysis, performance, Productivity.*

## I. INTRODUCTION

Increasing attention to performance excellence has led a positive focus shift towards nurturing organizational High Performance Work Practices. Productivity and customer oriented organizations whether public funded or privately held, dealing in manufacturing of goods or customer services, Transnational, MNCs or small and medium scale enterprises irrespective of their employees head count or market capitalization works to exponentially improve employees performance both in perception and in measurable terms through performance improvement practices. Industry stalwarts rightly understands High Performance Work System is a successful blend of classical envisaged models and practical organization specific approach is the key to success in implementing the organizational change management leapfrogging to HPWPs.

HPWPs motivate employees in enchainning work practices, skills and adaptability of employees in imparting their loyalty addition to an organization. HPWPs thus engage organization management and its employees with holistic framework to provide a healthy foundation among themselves. But one designated success formula for an origination need not fits all other organization with varies level of HPWPs maturity level. Differences among industry verticals as well as different enterprise of same industry verticals may tend to differ in varied HPWPs implementation stage and acceptance among employees is expected. With difference galore this paper on HPWPs is an attempt to gauge employee's perception level between manufacturing and service industry. A research paper on subject like this need a thorough literature review to develop understanding on various paradigm shifts from what has already been done and what are new asks and challenges in front of organizations in implementing High Performance Work Practices. A brief on literature review are highlighted below.

## II. LITERATURE REVIEW

HPWPs are notified and studied under various similar heading and concept theories as it is being known with different names as high performance work systems, alternate work practices, and flexible work practices (Delaney and Godrad, 2001). In 21<sup>st</sup> century HPWPs are notified as employee value creator and enhancer tool. (Godard 2004) termed HPWPs as 'revolutionary practices' as these are related to high performance compared to traditional work place engagement of employees. The practices act like a mechanism to foster innovation and undertake experiments within an organization to move away from old ways of workplace methodology. They help aligning organization wide HR practices related to competitive environment (Osterman, 1994). Cappelli and Rogovsky (1994) hint at implementing HPWPs for any organizations to move to lean manufacturing process. It is noted in past that big firms are more likely to apply high performance work practices, studies conducted by kumar (2000) in Canada for various industries highlighted that incidence of change is more in manufacturing industries than in services industry. Knowledge industry is more likely to stay tune with their high performance work practice and employee in such industry give more affinity for them (Quinn 2005). Parsons and Nacochea (2007) in their study points towards management challenges exist within and between companies with regard to HPWPs in same industry. Levine and Tyson (1990) attributed job security and high team spirit for Japanese workers due to HPWPs.

HPWPs need investment in human capital to enhance workforce motivations via skill development and value creation. This often led organizations to transformation themselves to a knowledge base organization with high employee commitment. This additionally

provides avenues to actively engage employees in decision making and decision support systems (Buren and Werner, 1996). So, indirectly points to more decentralization and employee empowerment. Interestingly studies over time tend to divide HPWPs into multiple heads; (Thompson 2001) divided it into 3 streams:

- (a) Practices that include semi-autonomous team, continuous improvement team, MBO, Quality circle, Problem solving team, attitude survey
- (b) Practices to enhance motivation, formalization of recruitment and interview techniques, job appraisals, performance test and others
- (c) Employee programs to nurture loyalty towards organization through incentives like insurance schemes, ESOPs, grievance redressal and few others.

Arthur (1992) in his studies find cost savings and increased commitment from workforce during his study of a steel mill. In a study on Dublin based hotels Connolly and McGing (2007) associated some of the practices with HPWPs; they however highlighted low employee participation which many would believe as one of the main agents of implementing HPWPs. Many on the contrary have failed to apply large scale HPWPs despite researches shows that effectiveness increase when all the practices are implemented together (Pfeffer and Vegia, 1999). In one another study by Applebaum et al. (2000) it was highlighted that high performance work practices are not only effective in improving productivity but they are also employee friendly and are associated with high work satisfaction and dedication. So, HPWPs are pervasive and has gained attention across the globe. With this understanding it is interesting to study HPWPs implementation and its awareness among Indian and around Delhi NCR set-ups. This also gives an opportunity to draw similarities and differences among manufacturing and services enterprises. With above in hindsight below noted objectives and methodology has been used for this study.

### III. OBJECTIVES AND METHODOLOGY

This studies prime objective is to get insights into existence of perceptual differences and gauging it (if any) among manufacturing and services organization in Delhi NCR region. Other objective is to understand and examine (a) awareness and effectiveness of HPWPs and (b) study stepping stones of HPWPs components and differences based on organization. The present study used primary data which encompasses structure questionnaire consisting of 28 practices used in organizations. Stratified random sampling technique is used to gather data from various enterprises. The targeted industries are mainly from Delhi NCR region encompassing IT, auto, insurance, BPO, textile, banking, sugar etc. with sample size of 323. Five point scale based questionnaire is used to get data on awareness of HPWPs from unaware (one) to highly aware (five), similarly to measure availability of HPPWs a scales based on unavailable (one) to highly available (five) is used and finally to measure effectiveness of HPWPs scale ranges from ineffective (one) to highly effective (five) is used. To meet objectives of present study data is collected from services and manufacturing industries domain. It is also significant to make a note that while collecting data consideration is kept to include all kind of employees like experienced, young professional; gender etc. and the reliability of collected data was checked through Cronbach's alpha. Nine factored dimensions of HPWPs are derived from study of Punia and Garg (2012). Perceptual differences within industry segments are studied through t-test.

### IV. RESULTS AND DISCUSSION

Over the years researchers have contend that mere making organization aware about new evolving practices and new industry benchmarks help in their easy adaptability and acceptance. When employees understand probable availability and trust with new evolving practice they resort to accommodate new theories and collectively start making a positive impact on organization performance. Workforce perception of certain group of practices too plays crucial role in implementation of new set of practices and may delivery different outputs among various groups and industry verticals. If certain practices be seen and detrimental to individual employee's future prospectus then such practice however they may be beneficial for an organization may not be accepted widely by resource pool. With this understanding; present study is chalked out with different purview of organization and are discussed herewith.

Delving into all the HPWPs 28 practices used for present study; factor analysis is employed to segment the practices and are classified into nine such practices. T-test is also used to discuss the perceptual differences among the sectors for variations for all three parameters.

Table 1 highlights the resource pool awareness quotient for nine selected factored HPWPs. Table reading provide insights about awareness of respective employees among manufacturing and services sector.

Table 1: Industry Sector based Employees Awareness and Variations of nine factors HPWPs

Factor	Factor Name	Manufacturing	Services	t-value	Sig.
		(mean values)			
F-1	Reward Orientation HPWPs	3.12	3.74	3.45	0.047*

F-2	Traditional HRM HPWPs	4.73	4.29	2.87	0.044*
F-3	Value Creation HPWPs	3.46	3.86	4.56	0.078**
F-4	Employee Engagement HPWPs	3.28	3.34	0.84	6.967
F-5	Team Orientation HPWPs	3.83	4.23	3.69	0.49*
F-6	Safety and Social need driven HPWPs	4.01	4.63	5.74	0.887*
F-7	Employee Empowerment HPWPs	3.76	3.37	2.98	0.45*
F-8	Procedural Improvement HPWPs	3.10	3.45	3.47	0.48*
F-9	Psycho-Strengthening HPWPs	3.11	3.33	1.12	5.68

Findings shows that awareness among services sector for factor 6 is highest at 4.63 among all followed by factor-5 and 2. On contrary manufacturing employees are shown to have better awareness on Traditional HRM practice (factor 2) at 4.73 followed by social and safety need driven and Team orientation which is factor-6 and 5 respectively. Interestingly Psycho-Strengthening HPWPs shown to have lesser awareness among the resource count for Services as well manufacturing sector; though factor -8 (Procedural Improvements HPWPs) is equally rated at lower awareness level in manufacturing industries. On applying t-test it is observed that barring Employee Engagement and Psycho-Strengthening (factor-4 and 9 resp.) have shown significant differences. One other outcome of this data shows that services sector employee base is more aware on all the factors albeit on factor Traditional HRM practices where manufacturing sector employee are shown to have better awareness.

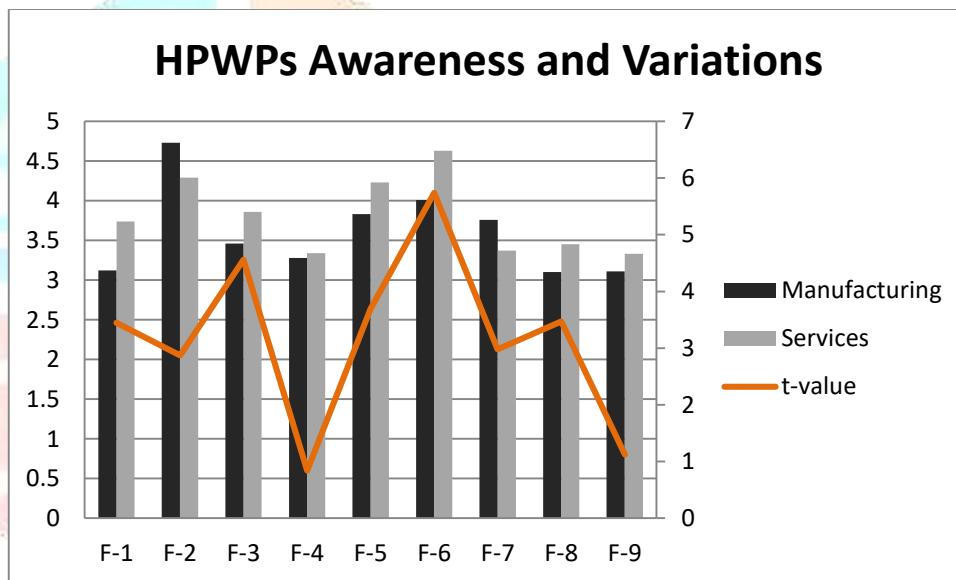


Chart 1: Display of Employee Awareness of HPWPs and Variations across Manufacturing and Services sector  
 Primary Axis: Manufacturing & Services mean value  
 Secondary Axis: t-value

Overall mean for perception on awareness of HPWPs in manufacturing stands at 3.6 which states 5 factors are below the overall mean value and on the other hand services sector over all mean come to 3.8 and thus 5 factors fall short of overall mean here as well. With developed understanding on awareness of HPWPs among the two sectors and let's find out workforce perception of availability in the same organizations. Table 2 outlines the findings as:

Table 2: Industry sector based Availability and Variations of nine factors HPWPs

Factor	Factor Name	Manufacturing	Services	t-value	Sig.
		(mean value)			
F-1	Reward Orientation HPWPs	3.40	3.77	4.78	0.043*
F-2	Traditional HRM HPWPs	4.59	4.65	1.49	6.980
F-3	Value Creation HPWPs	2.33	2.79	3.65	0.036*
F-4	Employee Engagement HPWPs	3.76	3.43	2.53	0.029*
F-5	Team Orientation HPWPs	4.47	4.86	5.80	0.087*

F-6	Safety and Social need driven HPWPs	3.50	3.21	0.86	5.308
F-7	Employee Empowerment HPWPs	3.94	3.87	1.43	6.775
F-8	Procedural Improvement HPWPs	3.44	3.78	2.67	0.032*
F-9	Psycho-Strengthening HPWPs	2.70	2.97	1.96	0.068**

Employees of services industry has rated Team Orientation at 4.86 (factor-5) as highly available HPWPs where as manufacturing employees shown highest level for factor-2 Tradition HRM practices available at 4.59. It shall also be noted that both factor 2 and factor 5 are adequately available in both the industries. On the contrary Psycho-Strengthening is rated lowest at 2.97 by services industry employees and Value creating HPWPs are rated at 2.33 as lowest available in manufacturing industries by its employees. On applying t-test on all the factors it is observed that significant differences are for six factors except Employee Empowerment, Social and Safety and Traditional HRM practices.

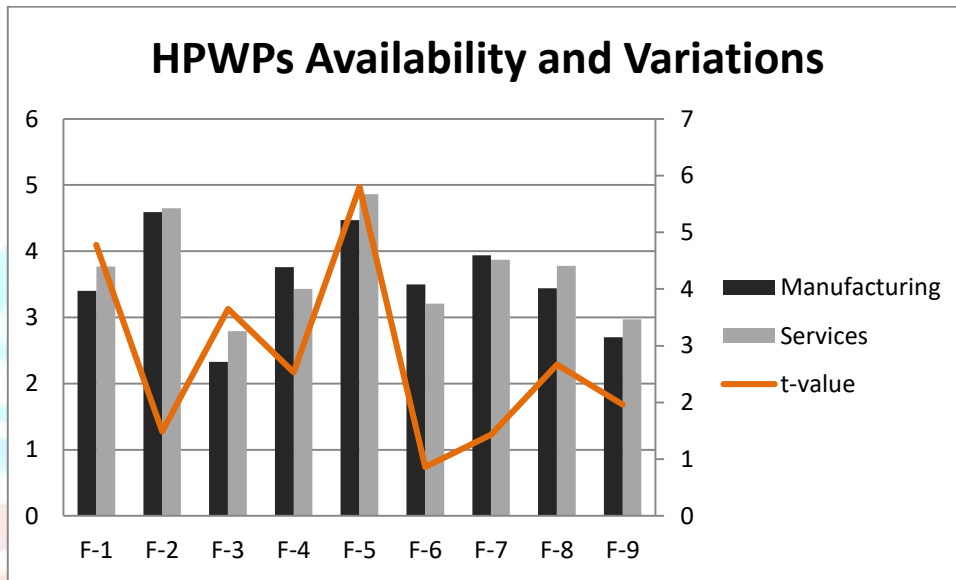


Chart 2: Display of Availability of HPWPs and Variations across Manufacturing and Services sector  
 Primary Axis: Manufacturing & Services mean values  
 Secondary Axis: t-value

Overall mean for perception on availability of HPWPs in manufacturing stands at 3.57 which states 5 factors are below the mean value. On the other hand services sector over all mean come to 3.7 and thus 4 factors fall short of overall mean.

Table 3 denotes employee’s perception of effectiveness of HPWPs in both the industry segment. On most of the occasion service industry employees has rated factors on higher scale than manufacturing sector employees which signifies that services sector employees asserts that HPWPs practices are effective in implementation.

Table 3: Industry Sector based Effectiveness and Variations of nine factors HPWPs

Factor	Factor Name	Manufacturing	Services	t-value	Sig.
		(mean value)			
F-1	Reward Orientation HPWPs	3.66	3.77	3.85	0.040*
F-2	Traditional HRM HPWPs	4.78	3.83	2.54	0.033*
F-3	Value Creation HPWPs	3.14	3.48	1.93	5.85
F-4	Employee Engagement HPWPs	3.70	3.54	5.07	0.079**
F-5	Team Orientation HPWPs	3.54	3.67	3.85	0.048*
F-6	Safety and Social need driven HPWPs	4.12	4.46	5.86	0.087**
F-7	Employee Empowerment HPWPs	3.39	3.37	4.95	0.073*
F-8	Procedural Improvement HPWPs	3.30	3.76	0.97	7.89



F-9	Psycho-Strengthening HPWPs	3.45	3.42	1.09	4.95
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Manufacturing segment still has rated Traditional HRM practices on a higher scale which suggests employees here perceive this practice to be more effective compared to other factors studied in this paper. Again on 6 occasion's services sector employees and manufacturing employees are having significant difference in perception of HPWPs effectiveness.

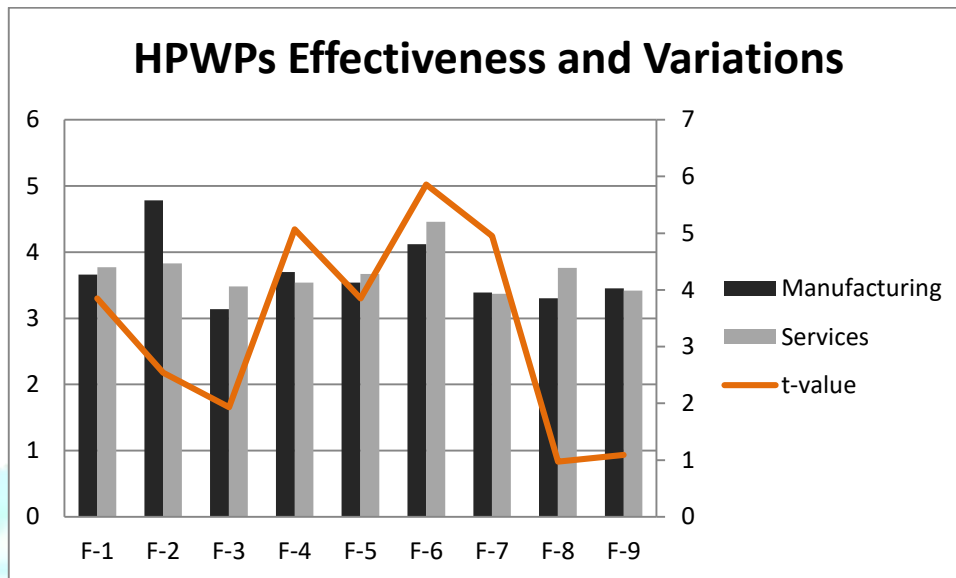


Chart 3: Display of HPWPs Effectiveness and Variations across Manufacturing and Services sector  
 Primary Axis: Manufacturing & Services mean values  
 Secondary Axis: t-value

For both the industry segment perception overall mean rating for HPWPs effectiveness is around 3.7 which further elaborates that 5 factors in manufacturing and 4 factors in services industry are below the mean value for all the factors.

## V. DISCUSSION

In modern times when inter and intra organization competition is fierce, HPWPs have established itself as change agent and an enabling factor in improvising the performance standards. High market capitalized organization are on constant look out for innovative and challenging perspective to constantly improve their work practices and maintain their high market capitalization. In this paper are able to understand different level and understanding of HPWPs awareness, effectiveness and availability among the employees of manufacturing as well as services set-up. Factor analysis brought different dimensions of the study and 28 parameters could be reduced to 9 important study parameters. This study will help future researchers in sharpening their focus area from a pool of HPWPs. Additionally difference in perception of HPWPs among different industry segment will help streamlining implementation of adoptable high performance work practices. In future researchers can also explore other industry vertical perception difference as well as geographical dimension to HPWPs awareness, availability and effectiveness.

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